

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
WESTERN DIVISION

In re)	
)	Chapter 11
)	Case Nos. 14-30798-HJB
LAMSON AND GOODNOW)	14-30799-HJB
MANUFACTURING COMPANY)	14-30801-HJB
)	Jointly administered under
DEBTOR)	14-30798-HJB
)	

**EMERGENCY MOTION BY DEBTORS-IN-POSSESSION FOR
AUTHORITY TO PAY PREPETITION WAGES, BENEFITS, SALARIES, AND
PAYROLL TAXES
(REQUEST TO LIMIT NOTICE)**

To the Honorable Henry J. Boroff, Bankruptcy Judge:

Now come LAMSON AND GOODNOW MANUFACTURING COMPANY, LAMSON AND GOODNOW, LLC and LAMSON AND GOODNOW RETAIL, LLC (collectively, the “Debtors”), the Debtors-in-Possession in the above-captioned matters who through their counsel, the firm of Weiner & Lange, P.C., move this Court for authority to pay prepetition wages, salaries, and payroll taxes. In support of this Motion the Debtors state:

1. This Court has jurisdiction to consider and determine this Motion pursuant to 28 U.S.C. §1334. This is a core proceeding within the meaning of 28 U.S.C. §157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
2. That on August 15, 2014, the Debtors filed voluntary petitions seeking relief under the provisions of Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Massachusetts.

3. That pursuant to Sections 1107 and 1108 of Title 11, the Debtors continue to operate their businesses and manage their affairs as Debtors-In-Possession. No Trustee or Examiner has been requested or been appointed.
4. On August 15, 2014, the Debtors filed a Motion for Entry of Order Directing Joint Administration of the Chapter 11 Cases. Said Motion was allowed on August 18, 2014.
5. Employees are paid every Thursday and the next pay period runs from August 11, 2014 through August 22, 2014 and is due to be paid on August 28, 2014. Half of the pay period is considered prepetition pay.
6. LAMSON AND GOODNOW MANUFACTURING COMPANY (the “Company”) operates a manufacturing facility on commercial property it owns at 45 Conway Street, Shelburne Falls, Massachusetts (the “Property”). The Company presently employs 18 individuals; 2 employees were laid off on the date of the petition. Of the employees remaining, 13 are union employees who were paid wages on August 14, 2014 for the work period of July 28, 2014 through August 8, 2014. There are 5 employees who were not paid on August 14, 2014.
7. LAMSON AND GOODNOW, LLC (the “LLC”), which markets and sells knives and cutlery, operates on the Property and presently employs 7 individuals. All 7 employees were not paid on August 14, 2014 for wages earned prior to that date. One employee left the company on or about August 14, 2014.
8. LAMSON AND GOODNOW RETAIL, LLC (“Retail”) operates a retail outlet and website on the Property and presently employs 2 individuals. One full time employee was laid off on the petition date and the 2 remaining employees are part time and are paid

on an hourly basis. The 2 remaining employees were not paid on August 14, 2014 for wages earned prior to that date.

9. The Debtors' employees are owed various sums for wages, benefits and salaries ("Compensation") and on the date of the filing the Debtors were unable to pay all employees for wages incurred prior to the date of filing due in part to cash flow considerations and in part as they were not payable to the employees in the ordinary pay cycle.
10. The employees who were not paid on August 14, 2014 for the payroll period of July 25, 2014 through August 8, 2014 are nonunion employees consisting of salaried management employees and hourly employees who remain loyal to the Debtor, however, the lack of compensation has created enormous financial pressure on their households.
11. Payroll which is due to be paid on August 28, 2014 is for all remaining employees and will consist of one week (August 11, 2014 -August 15, 2014) which was prepetition and one week which is post petition (August 18, 2014 – August 22, 2014).
12. Any delay in paying compensation to these employees will severely disrupt the Debtors' relationship with their employees and irreparably impair the morale of employees at the very time when their dedication, confidence and cooperation are critical. Continuation of employees' service is essential to the Debtors' ongoing business operations. In the event the relief requested by this motion is not granted, the Debtors' prospects for successful reorganization would be seriously jeopardized as many of the employees will be forced to leave the company to look for employment elsewhere.

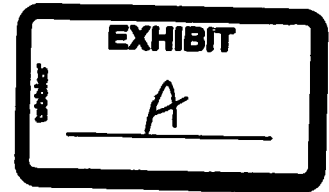
13. Payment of the prepetition wages for these employees is consistent with the budget filed with the Debtors' motion for use of cash collateral. Said budget is attached hereto as Exhibit "A". A list of the proposed wage payments is listed hereto as Exhibit "B".
14. The debtors did lay off several employees on the petition date and this motion seeks only to pay those employees who remain with the Debtors.
15. The Debtors also request the authority to pay taxes associated with wages and salaries for the payroll period ending on August 15, 2014 and August 28, 2014.
16. The Compensation owed to the Debtors' employees will in all instances qualify for the \$12,475.00 priority status granted by 11 U.S.C. § 507(a)(4). The aggregate amount involved is less than \$14,000.00. Payment of the Compensation should completely dispose of § 507(a)(4) priority claims for these employees.
17. Upon approval of the Motion For Emergency Hearing regarding this Motion, a copy of this motion, and any notices or orders thereon, will be served by electronic mail or facsimile upon the United States Trustee's office, all federal and state taxing authorities, the Debtors' secured creditors, Union representatives and the thirty-five unsecured creditors of the combined lists of all Debtors, this includes the top twenty unsecured creditors in Lamson Manufacturing, the top ten unsecured creditors in Lamson LLC and the top five unsecured creditors in Lamson Retail plus all parties who have requested notice be provided.

WHEREFORE, in order to maintain the continuity of the Debtors' businesses and to preserve the morale of their continuing labor force, the Debtors ask this Court to enter an Order granting the Debtors authority to pay prepetition wages, salaries and associated taxes and the Debtors pray for such other and further relief as is just and proper.

The Debtors,
LAMSON AND GOODNOW
MANUFACTURING COMPANY,
LAMSON AND GOODNOW, LLC, and
LAMSON AND GOODNOW RETAIL, LLC
By their attorney,

/s/Gary M. Weiner, Esq.
Gary M. Weiner, Esq., BBO # 548341
Jennifer Butler, Esq., BB0# 685152
WEINER & LANGE, P.C.
95 State Street, Suite 918
Springfield, MA 01103
Tel. (413) 732-6840
Fax. (413) 785-5666
Email: Gweiner@Weinerlegal.com
Date: August 26, 2014

<u>Week ending...</u>	<u>8/23/2014</u>	<u>8/30/2014</u>	<u>9/6/2014</u>
<u>Week Number</u>	<u>1</u>	<u>2</u>	<u>3</u>
Cash Balance from Prior Week Total	\$35,209	\$16,635	\$2,545
INCOME			
Newtec LOC receipts	\$0	\$22,200	\$19,479
L&Gaccounts Receivable	\$3,000	\$15,000	\$15,000
Retail StoreReceipts	\$4,000	\$6,000	\$9,000
Other			
Capital Infusion: DIP Funding			\$300,000
Employee Contribution to Health Care		\$2,254	



Total: Received \$7,000 \$45,454 \$343,479
Total: Received + Balance \$42,209 \$62,089 \$346,024

EXPENSES

Admin, Sales Shipping, Retail Payroll		\$12,500	\$16,042
Production Payroll (Net)		\$13,375	
Holiday & Vacation Pay			
Payroll Fed taxes (employer)		\$1,750	\$9,102
Payroll Employee withheld state & fed		\$6,137	\$3,529
Liability, Workers Comp, Auto (Travelers)	\$15,144		
Life & Disability	\$350		
Health Ins (employee+employer match)		\$11,928	\$11,985
Rent	\$300		\$0
Electricity / Utilities		\$2,000	
RE Taxes			\$9,969
Telephone	\$85	\$200	\$200
Cell phones		\$100	
Waste Services	\$400		
Travel, gas, mileage			\$400
Tooling expense			
Freight In			\$1,000
Materials			
Equipment leases			
Subcontracting			\$1,000
Maintenance & Repairs M&E, Tooling etc.	\$2,500	\$4,000	\$4,000
Maintenance, Buildings			
Cleaning: shop floors, offices, rest rooms			
Shop & office supplies		\$4,000	
Shipping expense FED Ex, UPS etc.	\$3,000	\$600	\$600
Rent			
IT Systems,		\$1,454	
Accounting firm			
Legal			

Sales Commissions	\$500	\$500	\$500
Advertisisng			
Bank Fees (ACH)			
CreditCard Fees (from Retail sales)			\$1,200
Cash Discounts	\$500		\$500
Newtek Loan pay			\$13,260
Trump Finance	\$1,795		
Private loan repayment (DIP)			
SBA interest only loan on Mortgage			
US Trustee Paid qtrly due10/15 for 3 qtr			
Inv Purchases - Hot Spot			
Inv Purchases - Steel			
Inv Purchases - Forgings			
Inv Purchases - Wire			
Inv Purchases - other	\$1,000	\$1,000	\$1,000
Total Expenses	\$25,574	\$59,544	\$74,287
Cash Balance	\$16,635	\$2,545	\$271,737

	A	Case 14-30798 Doc 40-3 Filed 08/26/14 Entered 08/26/14 13:33:27 Desc Main		
1		Lamson & Goodnow Companies	Document	Page 8 of 8
2			Gross Wages	
3		Name	due 8/14/14	due 8/28/14
4	Exhibit B		wages earned prepetition	wages earned post petition
5			8/11-8/15	8/18-8/22
6	Lamson & Goodnow Retail, LLC			
7				
8		Pelletier, Catherine	\$ 344.50	321.75
9		Cross, Melinda	\$ 321.00	186.00
10			\$ 665.50	507.75
11	Lamson & Goodnow, LLC			289.25
12		Dufresne, Lorna J	\$ 1,436.16	743.94
13		Hines, Laurie J.	\$ 1,125.00	600.00
14		Huddy, Gail M	\$ 1,538.47	769.20
15		Sallee, Morgan	\$ 877.54	481.54
16		Schacht, Alyssa	\$ 1,391.54	712.79
17		Underwood, Nancy	\$ 1,691.54	871.70
18		Westfall, Alex	\$ 927.00	453.00
19			\$ 8,987.25	4,632.17
20	Lamson & Goodnow Manufacturing Inc.			2718.34
21				
22		Anderson, Douglas J	2115.39	1,058.00
23		Brown, Lorraine M		650.40
24		Chiasson, Kevin A		662.40
25		Clark, Tyler J		650.40
26		Fairbrother, Lawrence		650.40
27		McClelland, James F.	1617.04	814.29
28		Miller, Patricia A		698.40
29		Patenaude, Dana R		753.14
30		Paulin, Timothy	2011.54	1,011.54
31		Pelletier, James C.	4615.39	2,308.00
32		Peters, Joshua C		656.40
33		Powell, Alan		650.40
34		Powell, Eric		615.36
35		Ryan III, James J		739.20
36		Sevrens, Paul H		680.40
37		Taylor, Cindy A		650.40
38		Vight, Ronald		650.40
39		Walk, Caleb E.	1550.01	780.74
40			11909.37	14,680.27
41		Wages	21562.12	19,820.19
42		estimated taxes due	\$2,000.00	1,516.25

EXHIBIT

B